

Report of the Management Board on the issue of convertible bonds on the basis of the authorization of May 28, 2013, excluding the right of subscription in November 2013

On November 22, 2013 the Company issued an unsecured, unsubordinated convertible bond maturing on November 22, 2020 with a total nominal value of EUR 250,000,000.00 (hereinafter the "Convertible Bonds 2013"). The Convertible Bonds 2013 can be converted in up to 16,075,714 new bearer shares with no-par value of Deutsche Wohnen AG.

The Convertible Bonds 2013 were issued at 100 % of their nominal value. The bondholders have the right to request early repayment of the Convertible Bonds 2013 five years after the issue date at 100 % of the nominal value, plus accrued interest. The Company shall have the right to call the Convertible Bonds 2013 for repayment beginning four years after the issue date, in accordance with the bond conditions, if the price of the bearer shares of Deutsche Wohnen AG over a specific period of time is at least 130 % of the conversion price. As part of the accelerated bookbuilding process the annual coupon was set at 0.5 % and the initial conversion premium set at 30.0 % above the reference price of EUR 14.4260. Thus the initial convertible price is EUR 18.7538. The reference price was based on the volume-weighted average price of the shares of Deutsche Wohnen AG in XETRA trading from the start of the placement until the establishment of the final price of the Convertible Bonds 2013 on November 19, 2013. Thus the issuing of the Convertible Bonds 2013 was in line with the then current market conditions.

The subscription rights of shareholders of Deutsche Wohnen AG to purchase the Convertible Bonds 2013 were excluded, with the approval of the Supervisory Board. The Management Board and Supervisory Board were convinced that the conditions for the exclusion of subscription rights were met, as the Convertible Bonds 2013 were issued under conditions that were not significantly lower than the price of Deutsche Wohnen shares. Financial instruments such as the Convertible Bonds 2013 are usually purchased by institutional investors. The private placement solely for institutional investors outside the United States, Canada, Australia and Japan was able to guarantee the required transaction security and quick settlement. By issuing the Convertible Bonds 2013 the Company was able to use the good market environment in particular to finance, with most of the net proceeds from the issue, the quick and comprehensive acquisition of about 98.96 % of the convertible bonds that GSW Immobilien AG issued on November 20, 2012 at a total nominal value of EUR 182,900,000.00. The remaining net proceeds from the issue of the Convertible Bonds 2013 serve to finance the Company's future growth and also helped to further diversify the sources of financing and the investor base. Thus issuing Convertible Bonds 2013 under the exclusion of subscription rights was also in the interest of the shareholders.